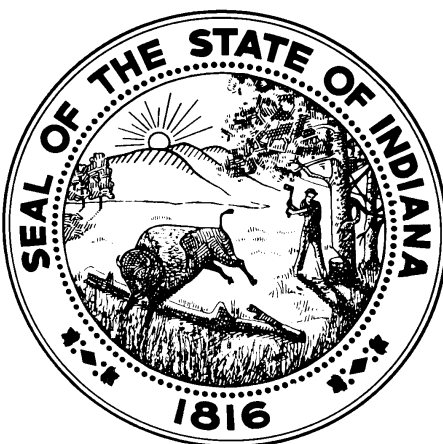


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
LAKE BRUCE CONSERVANCY DISTRICT  
FULTON COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
07/02/2008



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## OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Financial Clerk	David E. Foust Richard (Rick) J. Tompos	01-01-06 to 09-13-07 09-14-07 to 12-31-08
Chairman of the Board	Norman Steigely	01-01-06 to 12-31-08



# STATE OF INDIANA

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## INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF LAKE BRUCE CONSERVANCY DISTRICT, FULTON COUNTY, INDIANA

We have examined the financial information presented herein of Lake Bruce Conservancy District (District), for the period of January 1, 2006 to December 31, 2007. The District's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the District for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

STATE BOARD OF ACCOUNTS

April 30, 2008

LAKE BRUCE CONSERVANCY DISTRICT  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL FUND TYPES  
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
Governmental Funds:				
General	\$ 34,195	\$ 66,423	\$ 61,810	\$ 38,808
Build Indiana	86,797	4,677	31,745	59,729
Totals	<u>\$ 120,992</u>	<u>\$ 71,100</u>	<u>\$ 93,555</u>	<u>\$ 98,537</u>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
Governmental Funds:				
General	\$ 38,808	\$ 116,823	\$ 128,728	\$ 26,903
Build Indiana	59,729	1,442	25,196	35,975
Construction	-	318,504	318,502	2
Totals	<u>\$ 98,537</u>	<u>\$ 436,769</u>	<u>\$ 472,426</u>	<u>\$ 62,880</u>

The accompanying notes are an integral part of the financial information.

LAKE BRUCE CONSERVANCY DISTRICT  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The District was established under the laws of the State of Indiana. The District provides the following services: public safety, health and social services, culture and recreation, and general administrative services.

Note 2. Fund Accounting

The District uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the District in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the District on or prior to December 31 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the District to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Build Indiana Grant

During 2000, the District received a \$115,000 grant from the State of Indiana's Build Indiana Funds. These funds are being used on engineering and excavation in preparation for installation of silt traps in ditches that feed into Lake Bruce. Fulton County has purchased the traps and will be responsible for maintaining and cleaning the traps.

LAKE BRUCE CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS

PRESCRIBED FORMS

The following prescribed or approved forms were not always in use:

Form 101 Mileage Claim  
Form 323 Simplified Cash Journal - Municipal Sewage Utility  
Form 352 Receipts (quit using 04-30-07)  
Form 369 Capital Assets Ledger

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 21-1)

OFFICIAL BOND

The following official bond was not filed in the office of the County Recorder:

Richard (Rick) J. Tompos Financial Clerk, September 13 2007 to September 13 2008

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

APPROPRIATIONS

The records presented for examination indicated the following expenditures in excess of budgeted appropriations:

<u>Fund</u>	<u>Years</u>	<u>Excess Amount Expended</u>
General Fund	2006	\$ 2,490.25
General Fund	2007	62,991.84

Indiana Code 6-1.1-18-4 states: " . . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

TRAVEL POLICY

A travel policy was not presented for examination.

We noted instances of mileage reimbursement rates of \$0.40, \$0.445, and \$0.41 per mile.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 10-15)



LAKE BRUCE CONSERVANCY DISTRICT  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

SALES TAX

Purchases were observed for which sales tax was paid.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contracted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 10-14)

SUPPORTING DOCUMENTATION

Several payments were observed which did not contain adequate supporting documentation, such as receipts, invoices, and other public records. Due to the lack of supporting information, the validity and accountability for some money disbursed could not be established.

Supporting documentation such as receipts, cancelled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 10-10)

CAPITAL ASSET RECORDS

Information presented for examination did not indicate an accurate inventory or record of capital assets. There is also no capitalization policy established.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable General Capital Asset Account Group Form 369. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform compliance Guidelines Manual for special Districts, Page 16-25)

The governing body should establish a capitalization policy that sets a dollar amount as a threshold to be used in determining which items will be recorded. (Accounting and Uniform compliance Guidelines Manual for special Districts, Page 16-25)

LAKE BRUCE CONSERVANCY DISTRICT  
EXIT CONFERENCE

The contents of this report were discussed on April 30, 2008, with Richard (Rick) J. Tompos, Financial Clerk. The official concurred with our findings.